

LTC ALERT!

California Partnership for Long-Term Care

What you should know about Long-Term Care

March 2001

SPOTLIGHT:

Caregivers May Qualify for New \$500 Tax Credit

Californians faced with long-term care situations may be eligible for much needed relief. For the first time, the state's Franchise Tax Board is offering a \$500 credit toward the state tax bill of caregivers who meet certain conditions.

While those who qualify will welcome the credit, the list of qualifications is numerous. First, the caregiver's adjusted gross income must be less than \$100,000 for the year 2000. The code addresses three age categories and conditions that the recipient of the care must meet (see accompanying chart). There are also tests for the relationship required between the caregiver and the person receiving care.

Based on the new regulations, it may also be possible that the individual receiving care may be eligible to receive the credit. This is dependent upon the financial status of the person receiving the care and the individual or individuals providing that care.

The Franchise Tax Board requires a doctor's certification that the person required or would require care for at least 180 days with at least a portion of that time in 2000. This certification must be dated between January 1, 1998, and April 16, 2001, but should not be submitted with the tax form.

More information is available at the Franchise Tax Board's Web site (www.ftb.ca.gov). The instructions and other information are also available on the Long-Term Care Credit Tax Form FTB 3504.

Age-Specific Requirements for Receiving LTC Tax Credit	
Under 2 years old	Specific durable medical equipment because of a severe health condition. A skilled practitioner trained to address the child's condition if the parents or guardians are absent.
2-5 years old	The child must be unable, due to a loss of functional capacity, to perform (without substantial assistance from another person) at least two of these three activities: eating, transferring or mobility.
6 years old and up	One of the following: Substantial assistance from another individual to perform at least three defined activities of daily living (bathing, eating, continence, toileting, dressing, transferring) due to a loss of functional capacity. Substantial supervision to protect himself or herself from threats to health and safety due to severe cognitive impairment. The person must also be unable to perform at least one defined activity of daily living.

Chart data from the Franchise Tax Board's Web site: www.ftb.ca.gov

Save the Date

Partnership Agent Seminars Slated

A quick reminder: The California Partnership will host a pair of seminars in May for agents already authorized to sell Partnership policies. These are an ideal way to sharpen your skills, stay abreast of evolving issues that shape this industry and earn four hours of Partnership CE credit.

Space is limited and available on a first-come, first-serve basis, so reserve the date and keep your eye open for registration materials coming soon. For additional information or to reserve a space, please contact our seminar planners, Brown Miller Communications, at (925) 370-9777.

- ◆ May 15, Warner Center Marriott, Woodland Hills
- ◆ May 22, Holiday Inn Northeast (Date Avenue), Sacramento



Medi-Cal Eligibility and Estate Recovery

Q: Does Medi-Cal pay for Residential Care Facilities for the Elderly (RCFEs), also known as Assisted Living or Board and Care?

A: Currently, Medi-Cal does not pay for board and care in a RCFE, since RCFE care is not considered to be medical care. In addition, RCFEs are not licensed as medical care providers. Medi-Cal does, however, allow an individual to retain *income* each month, up to the amount of the monthly charge of the facility, as long as the person *requires* and is receiving custodial care within the facility. If an individual is residing in an RCFE simply because the individual enjoys the luxury of not having to cook, clean and do laundry, Medi-Cal does not allow the individual to retain the additional income. If the individual is residing in the facility, however, because he or she *requires assistance* and needs custodial care, Medi-Cal allows the individual to retain more of his or her income.

Let's say, for example, a single individual residing in an RCFE receives \$1,000 a month from Social Security and the RCFE charges \$1,000 per month. This individual would normally only

be able to retain \$600 per month because he or she is not residing in a hospital or intermediate or skilled nursing facility. Because he or she *requires* custodial care in an RCFE, the county allows the individual to retain \$600 per month and considers the remaining \$400 per month "unavailable" (similar to an income deduction) because the facility charge is \$1,000 per month. This individual, then, has a zero share of cost and Medi-Cal pays all of the individual's *medical* expenses in that month for Medi-Cal covered services.

If, however, the facility charges only \$900 per month, the county will consider only \$300 per month (in addition to the \$600) as "unavailable". In this case, the individual has a share of cost of \$100 per month that he or she pays or obligates him- or herself to pay on medical expenses before Medi-Cal pays the remainder of Medi-Cal covered services.

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